

7 AUDITS OF EMPLOYER RECORDS

A. Audit Selection

To assure that employers are reporting payroll properly, department auditors conduct routine periodic examinations of employer records. Records of nonsubject employing units also are examined to determine whether coverage is required.

Your business may be selected for an audit to determine compliance with UI reporting requirements. There may be specific audit objectives that could range from obtaining delinquent reports, to investigating alleged independent contractor issues or suspected UI benefit fraud. Your auditor can tell you the reason for the audit.

B. Statutory Authority for Audit

Every employer is required to keep records showing full name, address, social security number and wages/payments of individuals performing services for pay. Payroll records and all subsidiary records deemed necessary must be available for inspection by an auditor at any reasonable time. This also includes computer records in machine readable format (magnetic tape or electronic disk), of which a copy may be taken to another location for the purpose of data retrieval.

Wisconsin UI law permits the estimation of payroll when an employer's records are not complete or not made available to the auditor. There are penalties for refusing or failing to keep records required by the department, or knowingly making false statements or reports. We can subpoena records if they are not made available voluntarily.

C. What to Expect

Auditors routinely examine the accuracy of gross wages, exclusions and other reported information to verify that payroll is correctly reported for UI purposes. The auditor looks at a variety of documents and records that

may contain payroll or payment for services type of information. Payments to any workers for providing services may be considered payroll for UI purposes. The auditor will make this determination based upon the Statutes.

Auditors also investigate wages involved in establishing benefit claims and investigate payments made to benefit claimants.

The length of time that the audit takes depends on the size of the employer, the condition of the records and the number of problems encountered. The field work of most audits will probably be completed in approximately one half day.

The auditor will discuss the results of the audit with you. A written audit report is generated from the auditor's computer and if your account is adjusted, you will be given a copy of "Proposed Audit Adjustments". This audit proposal is subject to review and processing before the actual "Initial Determination" or "ID" is mailed to you from Madison. The "ID" is an appealable document.

D. Your Right to Appeal

If you disagree with the audit findings, you can discuss your questions or concerns with the auditor. You can also discuss your case with an Audit Supervisor.

You have the right to appeal any Initial Determination issued by our department. To do so, mail your written appeal to the address listed on the ID within the 21-day appeal period. For more information see Section 3 Appeals, in this Employer Handbook.

E. Auditor as a Resource

Auditors are available to assist you in understanding your obligations and reporting requirements under Wisconsin's UI law. They may also be able to answer your questions regarding UI benefits. To obtain more specific information about audits of employer records or to request our

pamphlet, "Preparing For Your UI Audit"
(UCT-8296-P), contact us at:

Audit Section
Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

Or

Telephone: (608) 266-3180
FAX (608) 267-1400

Deaf, hearing or speech-impaired callers
may reach us through WI TRS.